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## AN APPLICATION OF MARKETING MIX STRATEGY FOR MULTINATIONAL COMPANY A&W

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### **ABSTRACT**

The Californian multinational company, A&W is observed by marketers to be losing its popularity. The company's market position is weakening whilst customer awareness regarding the existence of the company is drying out. This causes marketers to be curious and skeptical about the reasons behind this unappealing and unhealthy situation of A&W. It is at this point where the research dwells into analyzing the external environment and internal situation of A&W to find of the nitty-gritty of its unbalance, and provide a platter of suggestions as to how the company can rise-up with popularity in magnificence.

**Keywords:** Position, External, Internal, Popularity.

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## 1.0 INTRODUCTION OF COMPANY

A&W is multinational fast food restaurant based in California, named after the surnames of its founders Frank Wright and Roy Allen. It was founded in California, in June 1919 and became famous all over US for its root beer in frosty mugs. It expanded and by the year 1933 it had 170 franchised outlets. In 1963 Mr and Mrs Lie Boff opened first A&W outlet in Malaysia. Later in 2001 it was bought by KUB Malaysia Berhard. There are around 34 outlets of A&W all over Malaysia and are planning to increase.

## 2.0 CURRENT MARKET SITUATION

Currently, A&W is losing its popularity with the increasing of competitors and lack of advertisements. Due to this, 24 outlets in Malaysia will be closed to reposition the business and operations. This action was taken to achieve sustainable growth.

Besides that, the current target market which are the loyal customers are decreasing as they would want to switch to a different brand such as subway which serves similar product.

The position of A&W Company in the market is falling out as not many people are aware that this franchise exists. The competitive positioning of the company is not advertised effectively which leaves the product unknown (Hooley, et al., 2017).

For example, there are promotions for selected meals but the information is not delivered efficiently. The market share for A&W is very small as they do not have many customers now due to a few factors such as pricing, advertising.

### 3.0 SWOT ANALYSIS



## STRENGTHS

A&W has claimed to be the **first fast food restaurant** that originated in the United States in 1919 which then brought into Malaysia in 1963.

Not to say that A&W Malaysia has entered The Malaysia Book of Records as the first franchise restaurant in this country.

The brand menu which includes the variety products of one of their signature “A&W Rootbeer”, hot dogs, burgers and onion fries shows that **the brand distinguishes from their other competitors** with the different menu as it serves as “American typical fast food”.

Next, A&W restaurant is one of the first fast food outlet that claimed to be the **first Drive-in restaurant** in Petaling Jaya in 1965 .

## WEAKNESS

The **location for A&W is not strategic** which has caused 24 outlets to be closed. This is due to the problems of relocation that cost profit. **Advertisements were not effective.**

Thus, many people were not able to know the latest promotion whereas the competitors had strong advertisement strategy.

Eventually, A&W lost its popularity in the market. A&W has **pricing which is higher than its competitors**.

For example, one chicken burger in A&W costs RM12.85 however in MCD it costs Rm11.00. Even though the price difference is only slightly different, regular customers tends to be price sensitive so they option for cheaper alternative,

Finally, **A&W website and social network is not active and attractive.** Their information is not updated on time to inform their customers on the latest news such as closing the outlets. This may confuse the customers as proper information is not provided.

## OPPORTUNITIES

People are changing their eating habits, preferring healthy options over fatty processed food available in fast food chains. With these changing eating trends, A&W is adding a nutrition meal set to its menu, for the health concise market.

It will ensure that healthy food option is available for the people who prefer healthy/less processed food. This way A&W will be able to retain its health concise customers. And will attract new diners as they will have a healthy food option.

Currently, a lot of people are adapting veganism, but the food industry is not changing at the same pace. There are very few food options for vegans especially at fast food restaurants.

A&W nutrition set will attract vegans as they have an option of tofu for the Coney, and soya milk for the smoothie.

## THREATS

According to Fui, 2017, in Malaysia, the term 'fast-food' is appetizing but at the same time, it is known for '**health risk**'. Thus, regardless of how healthy A&W's Nutri Meal Set, it is still a fast food and may prevent health conscious customers from trying the product; reducing market share.

Second, **substitutes**. There are many fast food outlets providing more attractive healthy meals through their heavy advertisements and expansion (eg: Subway) compared to A&W that seldom improve and develop. This easily halts growth.

Third, **supply chain**. A&W's suppliers and buyers switch to A&W's competitors when there's no good deal from A&W. Also, Fui 2017 highlights, suppliers increase transport cost due to few A&W delivery outlets-increasing raw material cost; halting new product development.

Fourth, **higher budget competitors** (eg: McDonald's) invest in technology to increase food production productivity thereby lowering costs. This fund brand advertising and new franchise outlets that help enhance product availability. This threats A&W's production efficiency, product pricing and availability due to low budget and few outlets in Malaysia.

## 4.0 PRODUCT OBJECTIVES & MARKETING PLAN

A&W introduced the new product which is the A&W Nutri Meal Set to the menu that includes the Healthy Coney served with the customer's favorite F&N ('Fruit & Nut' Smoothie). With that, there are main three objectives that explain on the implementation of the products.

One of the objectives is by fulfilling the wants and needs for health-conscious customers.

Nowadays, customers pay attention to what they're eating as there are a lot of fast food restaurants in Malaysia which serves food by using unhealthy ingredients. A&W follows the demand of their customers by using more natural ingredients towards their products.

Another objective is to fill the market gap for Vegans, as the followers of veganism are increasing rapidly and there are less choices for this market when it comes to fast food.

Next, A&W could expand their market as they are introducing the new product. By opening more outlets in the areas where there are less fast food chains, it will give an added benefit to the company as people won't have to travel far for the fast food cravings.

## 5.0 MARKETING STRATEGIES

### 5.1 PRODUCT STRATEGIES

The healthy diet fast food to be introduced is- “A&W Nutri Meal Set” which contains a ‘Healthy Coney’ served with a glass of ‘Fruit & Nut (F&N) Smoothie’. (Please refer to Appendices for product and feature description)

A&W Nutri Meal Set is high quality as made of fresh fruits and vegetables without any artificial coloring or preservatives. It is healthy as Coney bun is rich in fiber (charcoal) and is gluten free (quinoa) while the guacamole, stuffed vegetables and smoothie are anti-sweetened, low fat, high in- protein, vitamins and minerals.

The product-making ingredients and packaging is similar to A&W current style -just increase in quantity. This lowers cost, thus, positively influencing selling price. Also, the ice-cream scoop on the smoothie blends well with the ‘A&W float’ image.

The product is customer friendly as its ingredient is ‘customized’ according to ‘**customer type**’- be it vegan, vegetarian, non-vegetarian or gym dietarian; and ‘**customer demographic**’- a meal for the old whereas fast food for young.

It appears to be distinctive amongst A&W’s competitors as this meal set is “first of its kind” especially in a fast food outlet.

## 5.2 PRICING STRATEGIES

The price for Nutri Meal Set will be Rm8.00. This is because as our target market consists of vegans, gym dietaries, kids, teenagers and elder citizens, they can consume this meal every day. This strategy should be applied as the consumers may not feel comfortable even if the price is slightly higher as they may be price sensitive if they would want to buy the product every day.

This is because the feeling of a price being substantially higher than the customer's expectations which can also be referred to as 'sticker shock' can make them switch to cheaper alternatives (M.Schindler, 2012).

Besides that, penetration pricing can be used for the product to enter the market and make a small profit. However, this strategy is not possible to be for a long term as high profit cannot be made. If the price is increased, the demand for the product will decrease as the elasticity of demand is high.

So, after attracting loyal customers, dynamic pricing should be applied which is pricing for the same products differently for different groups. For example, teenagers will have student price and kids will be charged differently. Therefore, the cost of producing the products can be covered and high profit can be made.

## 5.3 PROMOTIONAL STRATEGIES

Promotion mix is used to communicate the benefits of their product/service to the targeted audience. This way the customer gets awareness of the new product/service being offered.

To this day businesses are focusing on creating peer-to-peer communication which can be derived from social network. (PALMER, 2012). Main factors to be considered while planning promotion campaign are; message to be used, median of communication, advertising timing, cost and expected gain from the promotional campaign.

A&W should promote the new Nutrition meal set in advertisement or commercials, stating health benefits of the Healthy Coney along with Fruit & Nut Smoothie. Websites and social network should be updated timely, as most of the consumers actively follow the social media pages and tend to try new things which are advertised on social media.

Another effective to promote is by having food critics try the new Nutri meal set. As a positive word from a food critic on social media attracts many customers. These days' people rely on the word of food critics as people are getting more price sensitive and think twice before spending money on something which is new in market. A positive review by a food critic on social media means the chances of people liking the new item on menu will be a hit.

## 5.4 PLACEMENT/DISTRIBUTION STRATEGIES

Usually, A&W products are distributed in their own restaurant whereby it is the most prominent places for customers to buy their food and drinks. To offer the new product the *A&W Nutri Meal Set*, one of the main places to distribute its new product is in the restaurant.

A&W restaurants are where the company will gain most of its sales revenues and customers will come and discover new product that has introduced in the menu.

However, since A&W has very few outlets for the new products to be distributed or to promote in Malaysia, the customers can be more aware of this product by having the concept of E-Commerce whereby the customers can constantly keep up-to-date on the new products that are introduced in the menu and also allow them to find A&W restaurant locations.

## 6.0 CONCLUSION AND RECOMMENDATION

According to Fui 2017, in Malaysia, A&W strengths have lost the ability to uphold its brand image due to new market entrants that gained popularity from consistent advertising and expansion. This rivalry overpowers

A&W's competitive edge as A&W fails in instant adaption towards the **external changing environmental** and **consumer buying behavior**. Malaysians almost forgot A&W due to **insufficient advertisements** on social media, **outlet reduction** from strategic locations and **poor meal innovation**. These internal weaknesses cause external threats to halt A&W's growth.

Despite this position, A&W can be in par with competitors, if, opportunities present are taken into consideration. We recommend A&W to **proceed introducing the suggested “A&W Nutri Meal Set”** as- designed to serve all ages and demographics- widening market share. Once product hits higher than break even, A&W should **open new outlets** increasing product availability that elevates demand and production-lowering costs and selling price. In long term, to move beyond survival, A&W should **invest in latest information systems** managing website advertisements, food ordering and customer feedback for continuous meal improvement and customer satisfaction.

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## APPENDIX

# A&W Nutri Meal SET

A Healthy Coney served with your favorite Fruit & Nut (F&N) Smoothie

### HEALTHY CONEY

*A healthy 6 inch/foot long quinoa/charcoal Coney style sandwich bun, stuffed with vegetables layered on a finger licking guacamole spread.*

#### INGREDIENTS

- 1) BUN: Quinoa Bread
  - : Black Bamboo Charcoal Bun
  - : 6 inch/foot long bun
- 2) INGREDIENT
  - Guacamole • Lettuce
  - Cucumber
  - Shredded Chicken/Tofu
    - ♦ Olives
    - ♦ Mushrooms
- 3) TOPPING
  - Shredded Capsicum
  - Salsa Sauce

### Fruit & Nut (F&N) SMOOTHIE

*A refreshing vegan/vegetarian customized root beer fruit and nut healthy smoothie made of soya or low-fat milk/yogurt- served with a floating fat free vanilla ice cream scoop garnished with chia seeds.*

#### INGREDIENTS

- 1) Fruits: Avocado, Banana, Strawberry, Mango, Orange, Durian, rambutan, papaya, watermelon
- 2) Nuts: Almonds, Pistachio, Hazelnut, Walnut, Pecan

#### CHOOSE

- Any 2 fruits
- Any 2 nuts

# NOTES

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